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PRICE RISE TO HELP SECURE SA'S WATER FUTURE

Government Enterprises Minister Michael Wright says Cabinet has determined that residential water prices will rise by an average 6.4 per cent from July next year.

Mr Wright says the Government has made a responsible decision about water pricing, with the increase coming as a result of CPI and the need to build better water infrastructure in the future.

“The increased price for water will allow the Government to significantly invest in the future of our State’s water supplies,” says Mr Wright.

The 2007-08 prices reflect an average 6.4 per cent increase for water and 2.75 per cent increase for sewerage, while increases over the following four years will reflect a broad revenue direction of CPI plus 3 per cent each year for water and CPI less 0.5 per cent for sewerage.

“This pricing direction is consistent with the National Water Initiative requirement that we move toward a more appropriate commercial return on assets,” Mr Wright said.

Mr Wright says these price increases don’t recover the temporary revenue losses associated with the current drought and water restrictions, nor does it make provision for contingency funding for other emergency drought responses that may be required.

The residential water rates announced for 2007-08 are:

- Quarterly access charge of \$39.35 - up \$2.35 (6.35%) from \$37
- 50 cents per kilolitre for the first 125 kilolitres of water used - up 3 cents from 47 cents
- \$1.16 per kilolitre for higher water use (above 125 kilolitres) - up 7 cents from \$1.09

“The user pays system for residential water use means customers can offset the price increase and save money by reducing their water consumption,” says Mr Wright.

The new prices will apply to all bills raised (or sent) after June 2007.

Sewerage rates for metropolitan customers will rise on average by CPI less 0.5% – 2.7% in 2007-08. Sewerage rates for country customers will continue to rise in line with CPI, 3.2% in 2007-08.

This recognises that average sewerage revenue from country residential customers is 12 per cent less than for metropolitan customers. The increase for both average metropolitan and country residential sewerage customers in 2007-08 will still be about \$11 per annum.

The scales to be applied to property values to determine sewerage rates for 2007-08 will not be finalised until the latest property valuations are available from the Valuer General in June 2007.

The processes adopted in making price determinations will be documented in a publicly available statement, available in January 2007, when it will be reviewed by the Essential Services Commission – in line with the Government’s commitment to open government.